



CITY OF
Yakima



Sept 26, 2019

2020 Preliminary Budget







CITY OF *Yakima*

2020 PRELIMINARY BUDGET

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INTRODUCTION

The budget process requires us to evaluate annually the city's priorities, between immediate services and infrastructure, across many funds, being mindful of long-term fiscal sustainability.

The goals of the 2020 Budget are:

1. Achieve a balanced budget in every fund
2. Assure appropriately-prioritized service delivery
3. Achieve improvement in General Fund's fund balance

Department directors and managers begin a continuous review of ongoing current year budget-to-actual expense management, formulate 2019 year-end estimates and project 2020 proposed budget figures based on known circumstances that pertain to each program under their management. The City relies on budgetary controls, with multiple levels of review, in large part as part of the overall systems of checks and balances to manage service delivery and monitor that the underlying funding is being received as budgeted. Finance staff meet with managers quarterly and inform both the public and city council through quarterly financial reports in regularly-scheduled public meetings.

The budget process starts at the beginning of the year, with strategic planning. City of Yakima's Strategic Priorities for 2019 - 2021, as affirmed in January 2019, are:

1. Fiscal sustainability
2. Main/Arterial street development
3. Community policing
4. Safe routes to schools
5. Youth development
6. Mill Site development
7. Homelessness / Affordable housing
8. Airport expansion
9. City facilities (pools and community centers)
10. Downtown destination

2020 Budget Challenges

The statutory 1% cap on Property Tax does not keep pace with 1) inflationary effects on materials and services nor 2) the personnel costs required by collective bargaining agreements (CBA's). This forces us every year to have conversations with our community prioritizing general fund expenditures. An informed and engaged community is critical to resident understanding of challenges, opportunities and the difficulties inherent in allocating very limited revenue changes year over year.

The 2019 5-Year Financial Plan, developed in September of 2018, helped the City of Yakima understand the revenue and expenditure forecast and its impact on the City's financial reserves. A primary purpose of the document was to provide context for present and future budget decisions and to understand the long-term financial impacts. The main points of this document were used as foundations for the 2019 and 2020 budget. Specifically, the 2020 Budget needs to be sensitive to:

- Reserves which are below the City's policy target of 16.7% (2 months) of expenditures.
- Capital expenditures and the cost of deferring where applicable.
- New debt service fitting in to existing revenue streams and service levels.
- The framework adopted for the 2019 continues to serve as the blueprint for the 2020 budget:
- Expenses in 2020 mirror 2019's plus obligations (contracts)
- Factor in new known realities.
- Expenses in 2020 may not exceed Revenues in 2020.

In January 2019, City Council resolved to make General Fund's fund balance the top strategic priority. Recognizing the inter-relationships across all funds, the following chart summarizes how the preliminary 2020 projected budget currently predicts resulting fund balances by category, pending further decision-making. In this table, negative Enterprise Construction figures largely reflect expenditures of balances carried forward from prior year.

2020 PRELIMINARY BUDGET FUND BALANCE IMPACT

	2020 Projected Budget		Surplus
	Revenues	Expenditures	(Deficit)
General Fund	\$ 68,298,856	\$ 68,260,361	\$ 38,495
Parks and Streets	14,197,487	14,169,919	27,568
Restricted Funds (100's)	19,721,949	19,839,177	(117,228)
Debt (200's)	5,232,400	5,231,943	457
Capital (300's)	7,716,340	5,670,316	2,046,024
Enterprise Construction (400's)	75,927,375	89,555,171	(13,627,796)
Transfers (500's)	27,372,873	27,762,528	(389,655)
Agency (600's)	658,057	658,057	—
Trust (700's)	24,000	12,000	12,000
Total Projected Budget	<u>\$ 219,149,337</u>	<u>\$ 231,159,472</u>	<u>\$ (12,010,135)</u>

The following two charts compare the 2019 projected year-end estimate and preliminary proposed 2020 budget by fund groupings. The first chart showing expenditures and the second chart showing revenues.

**2019 VS. 2020
EXPENDITURE BUDGET COMPARISON**

	2019	2020	19 vs. 20
	Year-End	Proposed	Budget
	Estimate	Expenditures	% Change
General Fund	\$ 67,969,802	\$ 68,260,361	0.4 %
Parks	5,187,195	5,507,995	6.2 %
Streets & Traffic	5,895,797	8,661,924	46.9 %
General Government Total	79,052,794	82,430,280	4.3 %
Utilities/Other Operating	87,254,800	82,492,995	(5.5)%
Capital Improvement	57,488,927	37,030,514	(35.6)%
Risk Management Reserves	4,301,306	5,042,889	17.2 %
Employee Benefit Reserves	15,656,317	16,360,096	4.5 %
Trust and Agency Funds	703,000	670,057	(4.7)%
Debt Service	6,813,225	7,132,640	4.7 %
Total - Citywide Budget	<u>\$ 251,270,369</u>	<u>\$ 231,159,471</u>	17.8 %

**2019 VS. 2020
REVENUE BUDGET COMPARISON**

	2019	2020	19 vs. 20
	Year-End	Proposed	Budget
	Estimate	Revenues	% Change
General Fund	\$ 67,302,462	\$ 68,298,856	1.5 %
Parks	5,264,437	5,513,415	4.7 %
Streets & Traffic	5,407,731	8,684,071	60.6 %
General Government Total	77,974,630	82,496,342	5.8 %
Utilities/Other Operating	83,248,081	81,021,826	(2.7)%
Capital Improvement	51,067,761	26,565,484	(48.0)%
Risk Management Reserves	4,351,513	5,035,770	15.7 %
Employee Benefit Reserves	16,753,911	16,214,760	(3.2)%
Trust and Agency Funds	715,000	682,057	(4.6)%
Debt Service	6,805,467	7,133,097	4.8 %
Total - Citywide Budget	<u>\$ 240,916,363</u>	<u>\$ 219,149,336</u>	(9.0)%



REVENUES

As each of us understand in our personal lives, budgeting begins with an understanding of incoming revenues. The City has over fifty revenues, each with underlying dynamics to be considered. Finance staff began tracking and forecasting 2020 revenues as soon as actual January 2019 revenues were received.

Revenue Projections

Sources used in preparing revenue projections include:

- Analysis of ten-year trends, consumer price index, population and other demographic factors, and an awareness of current events within our city.
- Economic trends as reported from many sources along with an awareness of current business health within our own city.
- Forecast data.
- Economic and fiscal trends provided by the MRSC.
- Communication with our revenue process partners, such as the Yakima County Tax Assessor and the City's franchise tax-paying utility providers.

Ultimately, the revenue projections in the budget reflect staff's judgment about how the local economy will perform over the next several years and how it will affect the City's key revenues.

Goal Setting Process for 2020

Major city goals represent the most important and the highest priority goals for the City to accomplish and therefore should be reflected in the budgetary decisions resulting in the 2020 budget. In general, this category represents the continuation or refinement of existing goals. These are "must-fund" objectives, even if they require multi-year processes.

General revenue management - guiding principles:

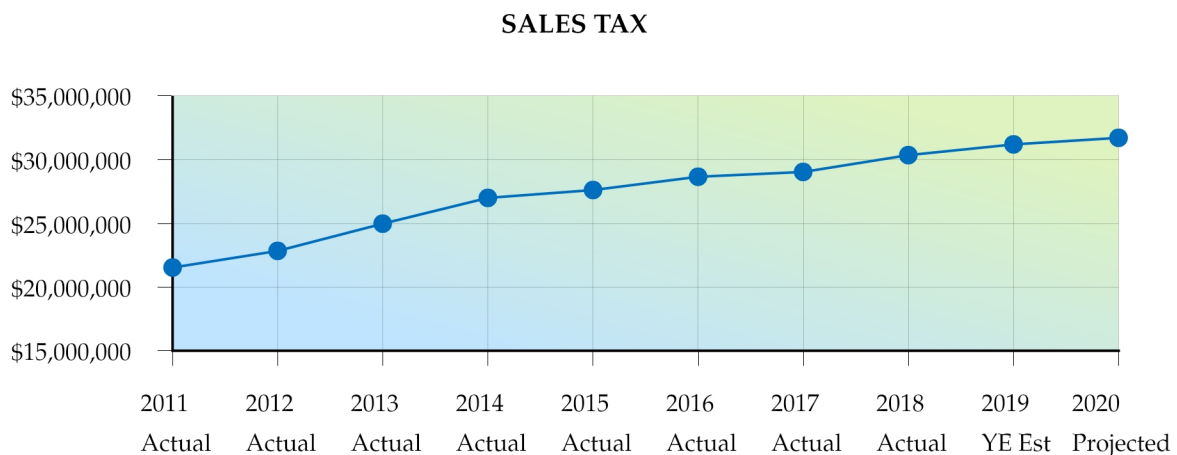
- The city will seek to maintain a diversified and stable revenue base to protect from short-term fluctuations and from cyclical economic downturns.
- The city will make all current expenditures from current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.
- Every fund in the City's accounting system exists for a reason; the purpose for every fund's segregation out of the general fund is to dedicate spending for restricted revenues.

REVENUE

Sales Tax (Single Largest Revenue Source for General Fund)

- **General Sales Tax** - Of the 8.2% sales and use tax collected within the City, the City of Yakima receives only 0.85% (or about 10.4% of the total) in general Sales Tax revenue. The General Government Funds receive the full amount of the City's share of general sales tax revenues. (Note: the City also receives 0.3% sales tax revenues which are restricted for transit purposes and a portion of the 0.4% sales tax revenues which are restricted for criminal justice purposes. The State receives 6.5% and Yakima County receives .15% of the remainder. The City of Yakima receives a 3.0% Lodging Tax credit from the State.
- **0.1% Criminal Justice Sales Tax** - A special 0.1% Criminal Justice Sales Tax was originally approved by the voters of Yakima County in the November, 1992, General Election and became effective January 1, 1993. The State allocates this 0.1% criminal justice sales tax revenue between the City and the County, based on a predefined formula. This revenue is restricted to providing criminal justice related services and is allocated based on operating vs. capital needs. This tax revenue is generally affected by the same regional economic factors that affect the General Sales Tax revenue.
- **0.3% Criminal Justice Sales Tax** - Another special sales tax of 0.3% dedicated to Criminal Justice expenditures was originally approved by the Yakima County voters in November, 2004, and took effect on April 1st of 2005. (This tax was renewed for another 6 years on the November, 2015 election for 2017-2022.) The tax is on sales inside the County only and the proceeds are divided between the County and Cities on a predefined formula under which the County receives 60% and all cities within the County share the remaining 40%.

Sales tax provides 32.5% of all General Fund revenue, and 14.0% of total government revenue in the 2020 budget.

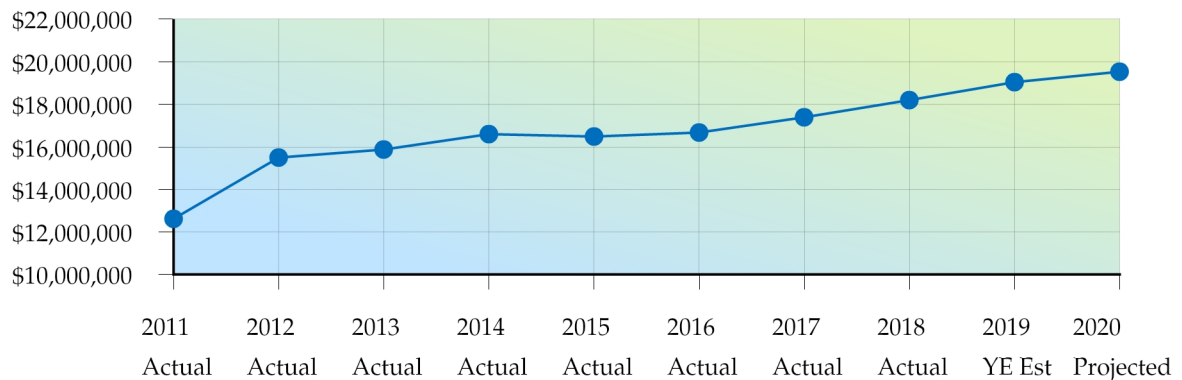


Utility and Franchise Taxes

These revenues are largely a function of weather conditions and utility rates in the Valley. Utility taxes are the only major revenue source historically keeping pace with the rate of inflation, primarily because of rate increases implemented by utility providers.

Utility and Franchise taxes are collectively the second largest category of General Fund revenues, comprising 27.5% of 2020 projected revenue and 8.9% of total government revenue.

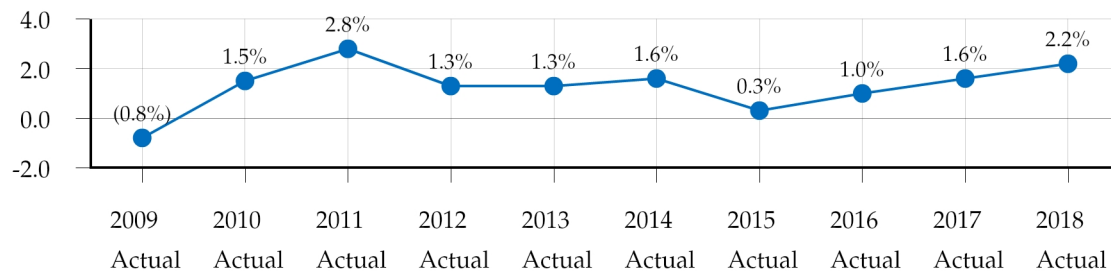
UTILITY AND FRANCHISE TAXES



Property Tax

State law allows the City to impose the lesser of the rate of inflation (as measured by the Implicit Price Deflator (IPD)) or 1% above the prior year levy, plus levies for new construction and annexations. State law also allows the City to increase the levy by more than 1% if approved by the majority of voters. State law allows an agency to levy up to the 1% maximum if City Council establishes substantial need by a super-majority (i.e. 5-2) vote.

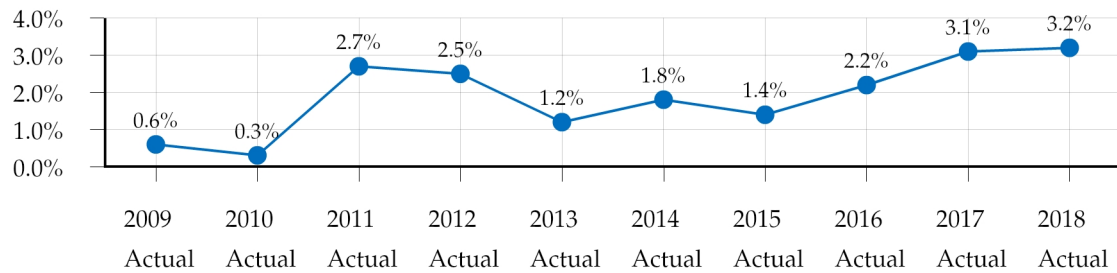
HISTORICAL IMPLICIT PRICE DEFLATOR (MRSC)



State limit property tax levy statutes limit the change in the dollars levied (1% would generate about \$194,000 for 2020) - but do not limit growth in assessed value. Stated differently, the 1% limit affects the total dollars levied, and assessed valuation is used to allocate the levy ratably among the property owners.

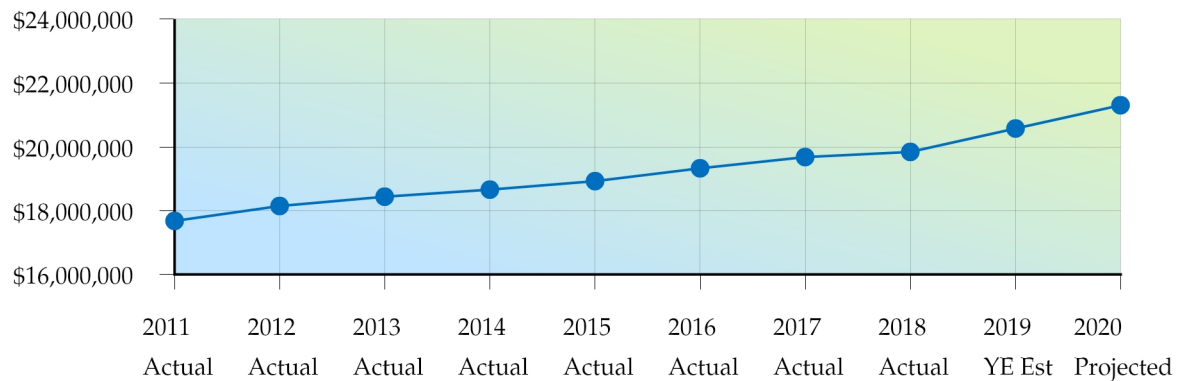
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and the CPI is greater than 1% in almost all years (see chart below), the future effect of 1% or less growth in Property Tax is slowly reducing the percentage of revenue the City receives from this primary General Government revenue source.

HISTORICAL SEATTLE CPI-U (MRSC)



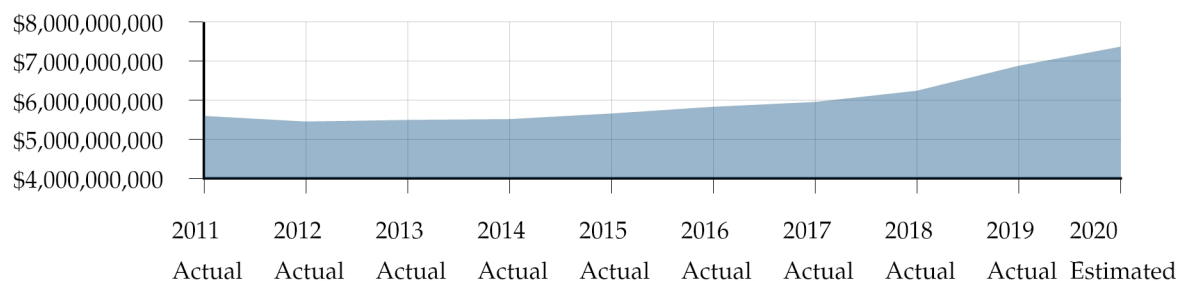
Property tax provides 15.2% of all General Fund revenue, and 9.7% of total government revenue in the 2020 budget.

PROPERTY TAX



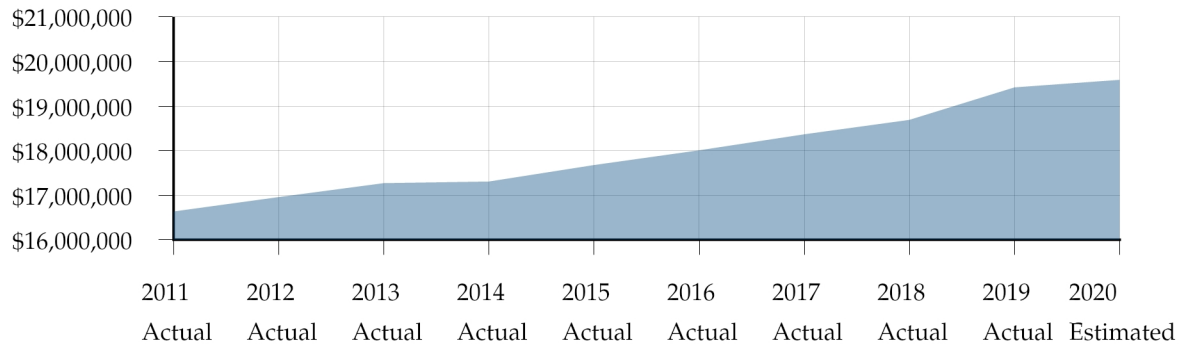
Property Tax revenue is primary funding source for the City. Washington's "budget-based" property tax structure is complicated. The City establishes the dollar amount levy, subject to several restrictions. The County Assessor calculates the levy rate based on total assessed valuation. The following Property Value chart shows the historical trend of total city property valuation. It is important to know that the City's general fund levy is subject to a 1% annual cap (a levy lid), excluding new construction and annexation but the valuation itself is purely an assessed value of the true and fair value (market value).

CITY OF YAKIMA PROPERTY VALUES



The following chart is a historical trend of the total dollar amount levy in past years, as well as the current 2020 forecast. It is important to know that the city establishes its desired levy amount based on budget need subject to statutory limits, and the levy rate itself is strictly the resulting mathematically relationship between the valuation and the levy amount.

**CITY OF YAKIMA
ORIGINAL LEVY AMOUNTS - PROPERTY TAX**

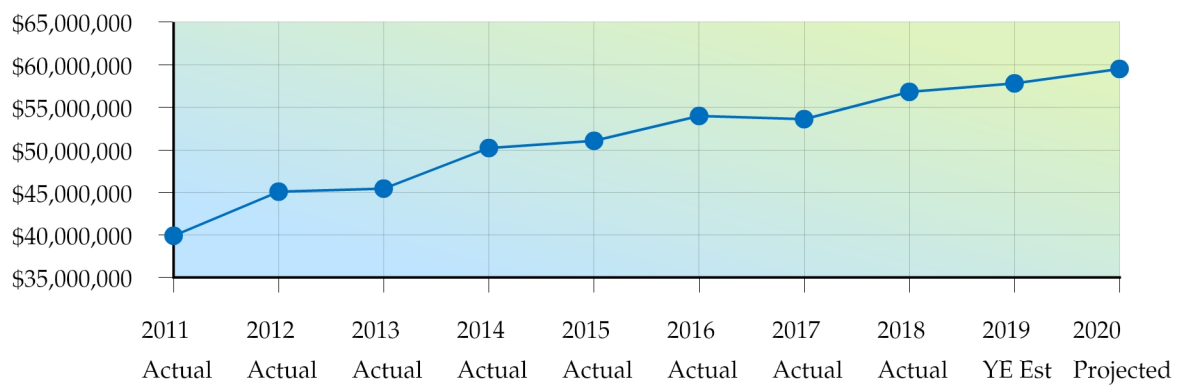


Charges for Services

This revenue category mainly consists of revenues from the sale of services such as water, wastewater, refuse, irrigation, transit and fire services, concessions and interfund services.

The Charges for Services category provides 10.8% of all General Fund revenue, and is the top revenue for total government in the 2020 budget at 27.2% of total revenue.

CHARGES FOR SERVICES

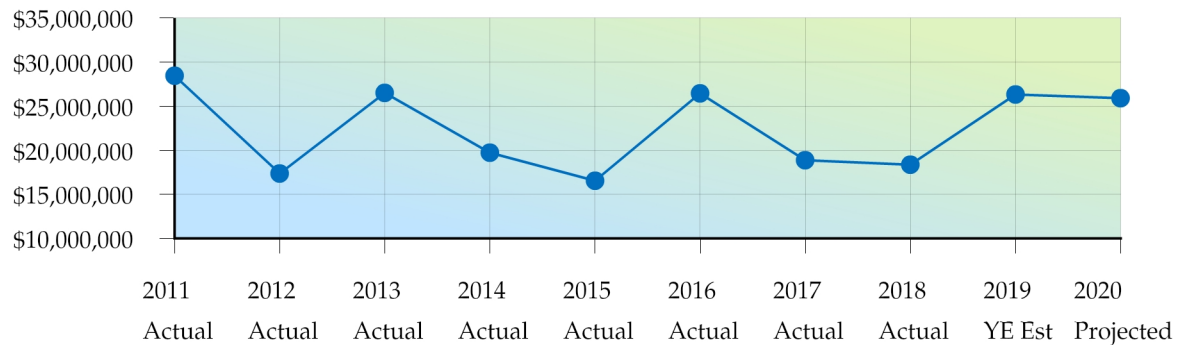


Intergovernmental Revenues

This category includes revenue received from other Government units, including Federal grants and entitlements, State and local grants and other intergovernmental resources. This category can fluctuate significantly due to the timing of the payments and the completion of major projects paid for by grants.

Intergovernmental revenue accounts for 5.4% of General Fund revenue, and 11.8% of total government revenue in the 2020 Projected Budget.

INTERGOVERNMENTAL REVENUE



Other Taxes and Assessments

This category includes excise taxes and other operating assessments, and includes Transit, Hotel/Motel, Real Estate Excise, Gambling and Transportation Benefit District Taxes.

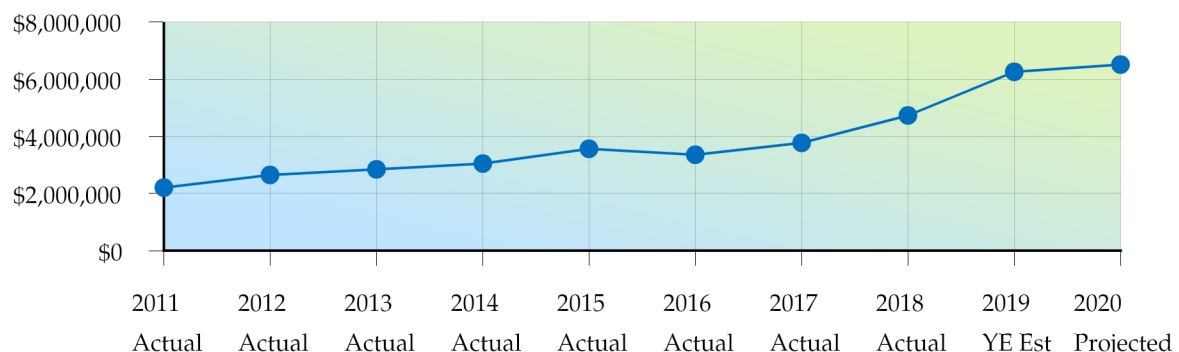
Real Estate Excise Taxes (REET) depend on the volume and value of real estate sales, and therefore fluctuate with economic cycles. REET is a restricted funding source that has two components which may be only used for statutorily-defined purposes, primarily capital facilities and authorized transportation, water/storm/sewer and park capital projects.

Lodging (hotel/motel) tax is a restricted revenue, dedicated by statute to expenditures that further local tourism activities. The basic 2% lodging tax is supplemented by a share of state-shared lodging tax that currently totals 5%. Tourism Promotion Area (TPA) fees consists of a \$2 per room per night and are restricted to expenditure that increases the tourism and convention business. The budget for 2020 is lower than 2017 and 2018 but higher than forecast in 2019 according to cyclical economic trends.

Transportation Benefit District (TBD) revenue commenced in August, 2018 and is forecast for its first full year in 2019 as a basis for the 2020 budget. This revenue is restricted to construction, maintenance and operational transportation improvements. The 2020 Budget is forecasted level with actual and projected 2019 monthly receipts. This revenue accounts for the major increases from 2018 -2020 in the chart below.

Other taxes provide 1.6% of all General Fund revenue, and 12.8% of total government revenue in the 2020 budget.

OTHER TAXES AND ASSESSMENTS

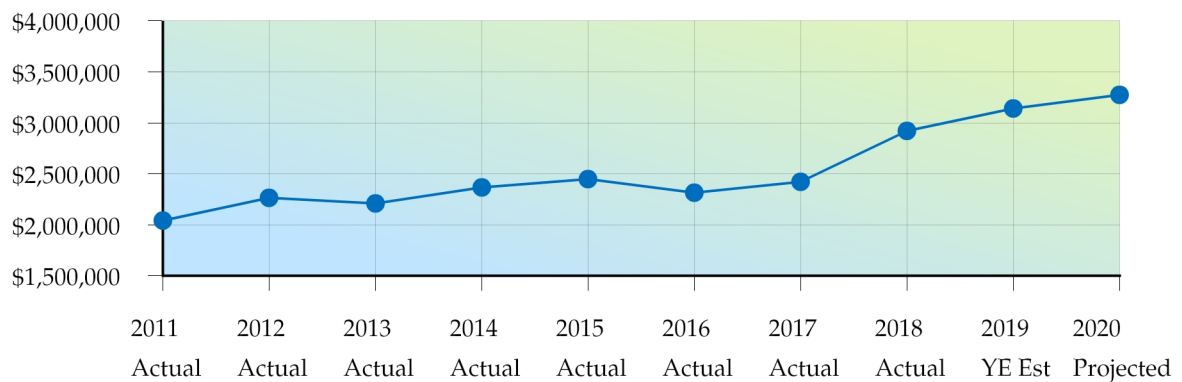


Licenses and Permits

This category includes business licenses, building permits, dog licenses, gambling taxes and wastewater pretreatment and permits. All permit revenues increased in 2018 and are currently forecast to increase based on current actuals.

Other Taxes revenue accounts for 2.8% of General Fund revenue, and 1.5% of total government revenue in the 2020 Projected Budget.

LICENSES AND PERMITS



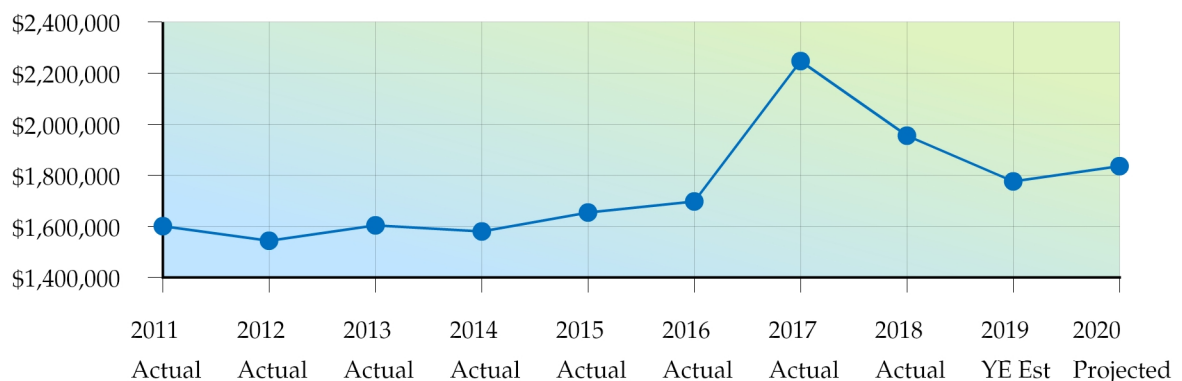
Fines & Forfeitures, Transfers & Miscellaneous

Fines & Forfeitures come primarily from criminal fines and noncriminal penalties, assessed in the City of Yakima's Municipal Court, and parking violations.

Parking revenue is budgeted substantially down from prior years due to recent court activity limiting enforcement of time-limit violations and due to increased staff time committed to citizen response.

Fines and Forfeitures provide 2.5% of all General Fund revenue, and 0.8% of total government revenue in the 2020 budget.

FINES & FORFEITURES

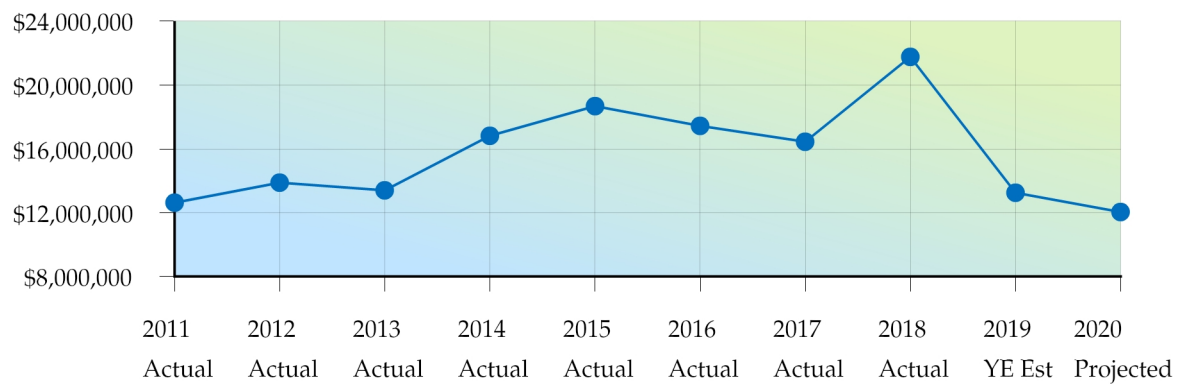


Transfers set forth in the Budget are typically to accomplish the measured allocation of revenues and expenditures appropriate to the service delivery in each fund. There are many appropriate transfer mechanisms intended to efficiently and effectively account for complex arrangements. For example, all

funds are supported by administrative departments such as Accounting, Human Resources, Information Technology and general City Management. Transfers are intended to eliminate the time-intensive alternative of every administrative time sheet and invoice being split into a high number of small amounts.

Any short-term transfers between funds for operating purposes within the year are not operating revenues. These operating transfers, under which financial resources are transferred from one fund to another, are distinctly different from interfund borrowings. Interfund borrowings that are not repayable within the year must be more formally planned and communicated. The most common use of interfund borrowing is for grant programs such as a Community Development Block Grant, where costs are incurred before reimbursement is received, and is therefore merely a short-term cash flow device.

TRANSFERS

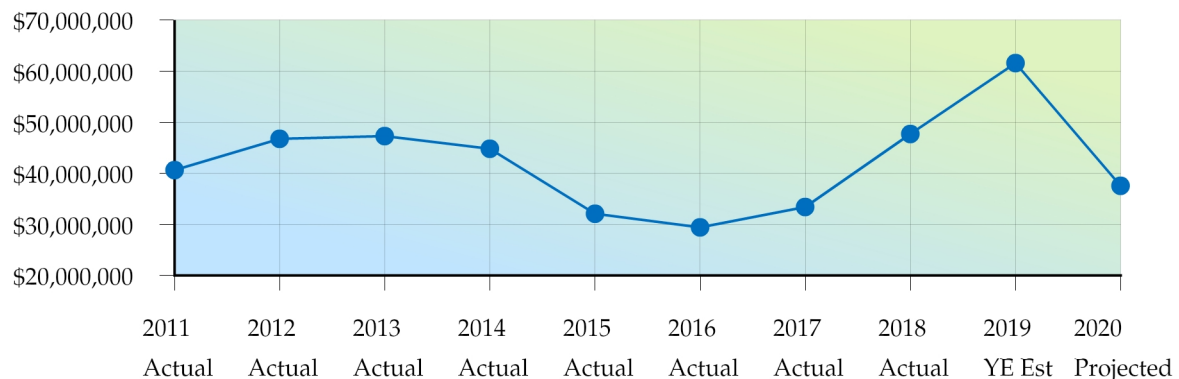


Miscellaneous Revenue

Included in miscellaneous revenues are interfund benefit contributions, interest earnings, rents, assessments, sale of fixed assets, proceeds from long-term debt and other miscellaneous revenues. Significant spikes in this chart are generally due to the timing of bond proceeds.

Miscellaneous Revenues account for 1.8% of General Fund revenue, and 17.1% of total government revenue in the 2020 Projected Budget.

MISCELLANEOUS REVENUE

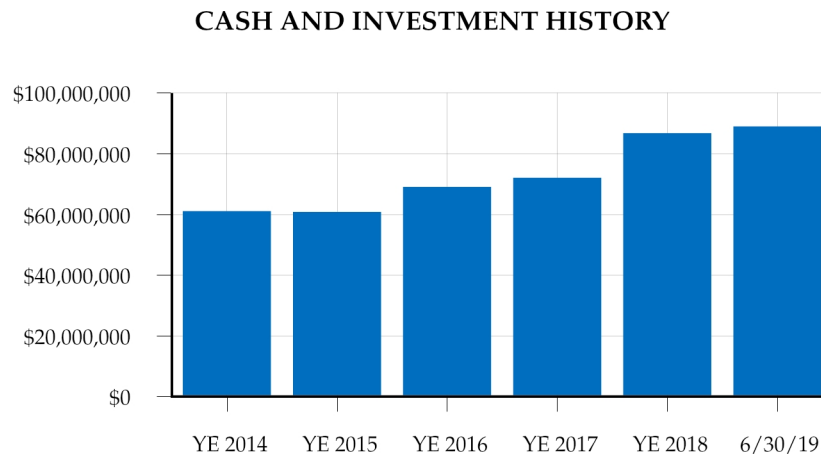


Cash & Investments

Interest revenue on the city's reserves is a function of execution on the City's investment policy. It is the policy of the City of Yakima to invest public funds in a manner that, giving first regard to safety, suitability and liquidity, will maximize long-term yield in conformance with State Statute, Federal Regulations and City Charter.

As a current over-all indicator, the 5-year historic city-wide cash and investments balance trend, inclusive of all funds, showed June 2019 at \$89.0 million; May reached an all-time high \$92.9 million. While each month is best compared to the same month in previous years to account for seasonality and other annual events and a mid-year milestone doesn't compare well to prior year-end balances, 2019 cash levels have consistently improved over prior year.

The following graph incorporates only the city's primary bank and investment accounts to enable comparison to prior and future periods.



REVENUE TRENDS - OVERVIEW

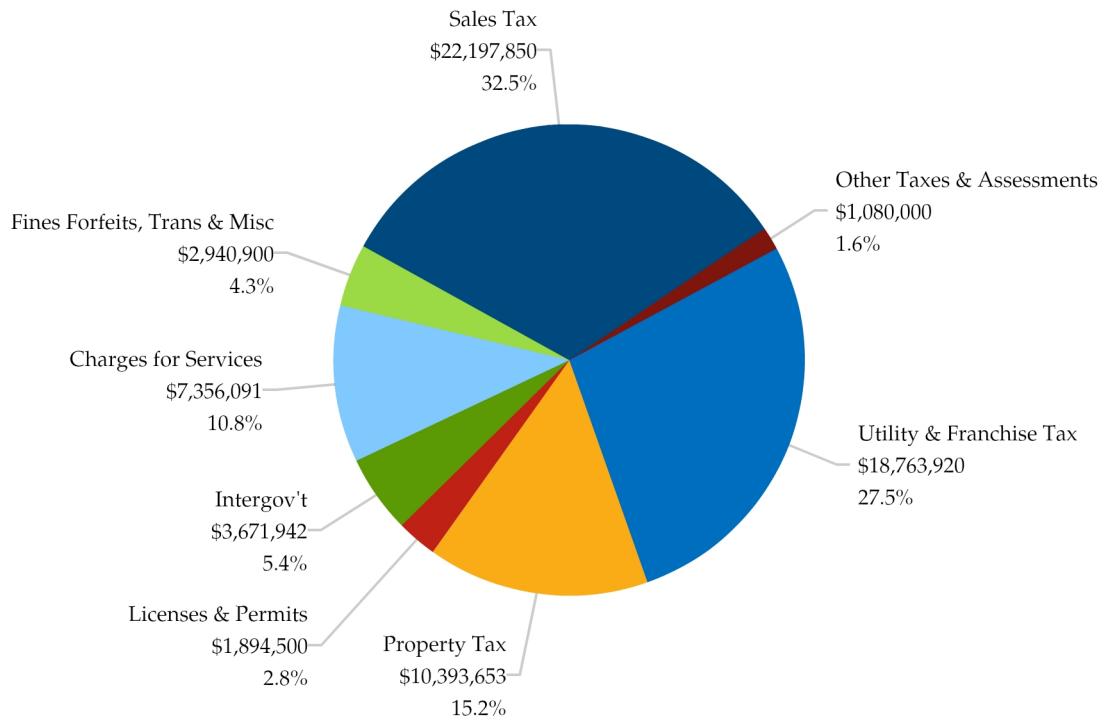
Total City of Yakima revenue grew by about \$25.8 million or 13.1% from 2017 to 2018. For 2019, the year-end estimate of \$240.9 million shows a growth of \$18.3 million or 8.2% - mainly due to the proposed bond proceeds for the mill site and Convention Center expansion. These projects will be rolled forward into 2020 if not done in 2019.

The current projected revenue for 2020 is \$219.1 million, a \$21.8 million or 9.0% decrease from the year-end estimate.

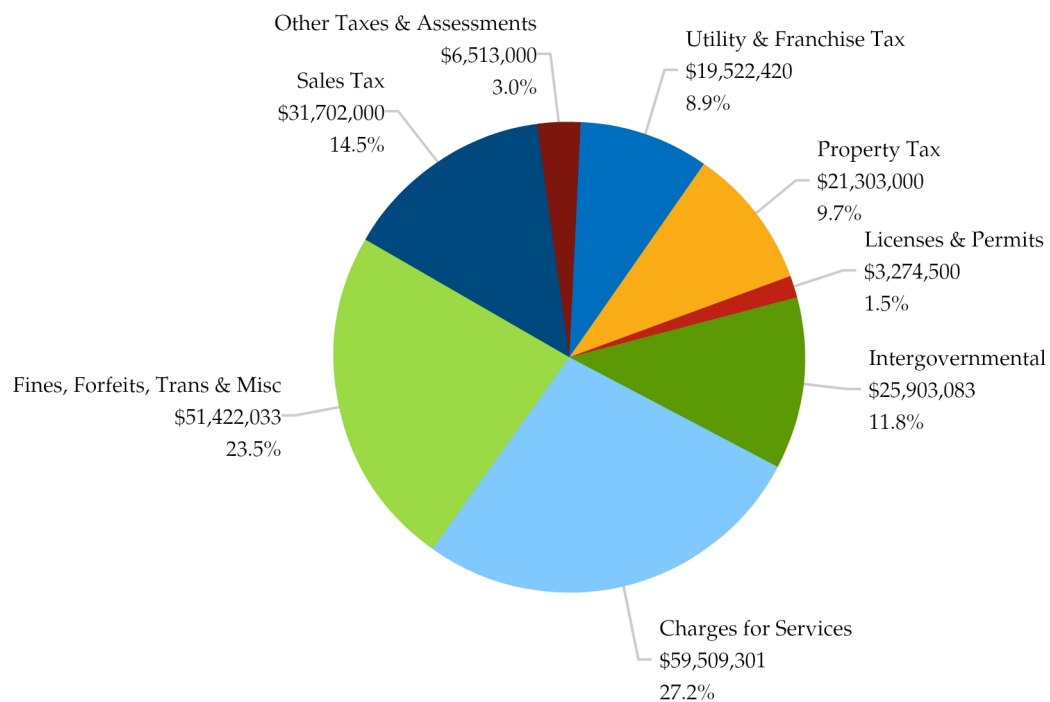
BUDGET BY SOURCE

The following charts shows revenue broken up by source, for both the General Fund and Citywide.

2020 GENERAL FUND REVENUE BUDGET BY SOURCE



2020 CITYWIDE REVENUE BUDGET BY SOURCE



EXPENDITURES

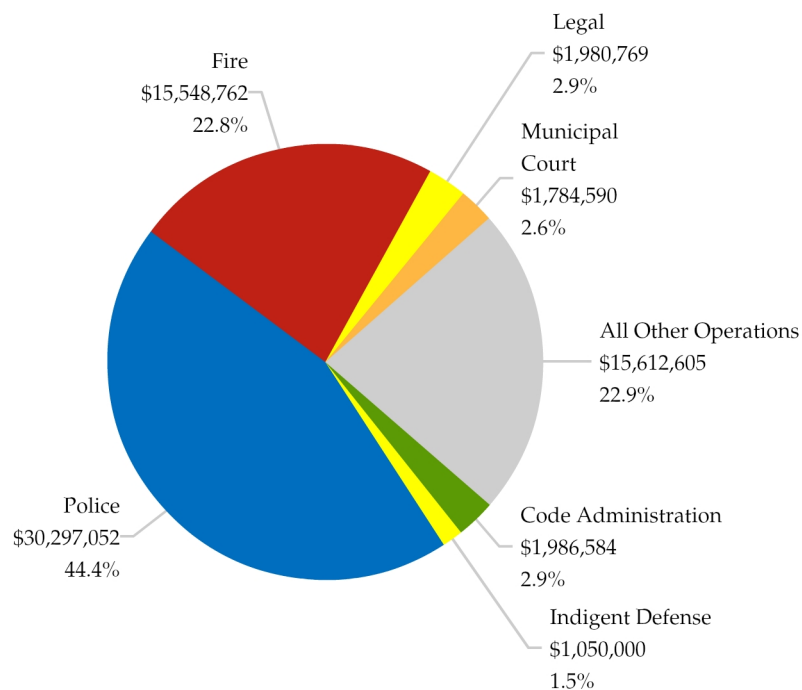
EXPENDITURE OVERVIEW

General Fund

Public Safety costs - Police, Fire and Criminal Justice - continue to consume an ever increasing share of total General Fund resources. All General Fund programs are necessarily balanced within available resources, which rely heavily on Sales Tax and Property Tax. Collective Bargaining Agreements that provide for salary and benefit increases that exceed the Property Tax rate cap create a squeeze that affects the entire General Fund's ability to maintain service delivery levels.

The following chart indicates that the City of Yakima is currently proposing to spend 76.6% of General Fund expenditures on Fire and Police services in 2020. In comparison, this percentage was 75.9% in 2018, and is estimated to be 76.5% at year-end 2019.

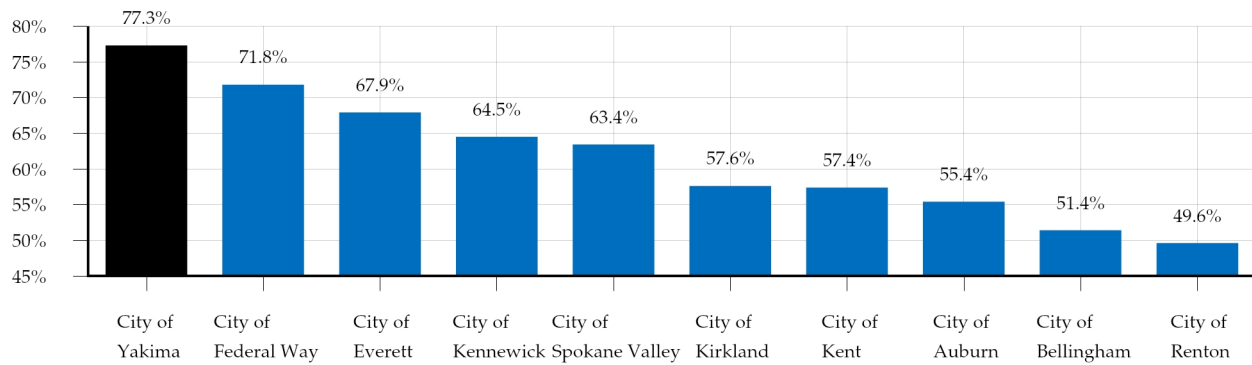
2020 GENERAL FUND EXPENDITURES BY OPERATIONS



The data utilized in the following comparison was compiled from the State Auditor's Local Government Financial Reporting System (LGFRS) for the year 2017, the most recent year currently available. This chart includes the categories of Public Safety, Judicial Activities and Legal, and includes comparisons of the top 10 Cities in Washington State with a population between 75,000 and 130,000 (a range that Yakima falls roughly in the middle of) and services comparable to the City of Yakima.

While the State Auditor pulls these numbers together slightly differently, the percentages shown are comparable to the above chart.

TOTAL EXPENDITURES SPENT ON PUBLIC SAFETY, LEGAL & MUNICIPAL COURT

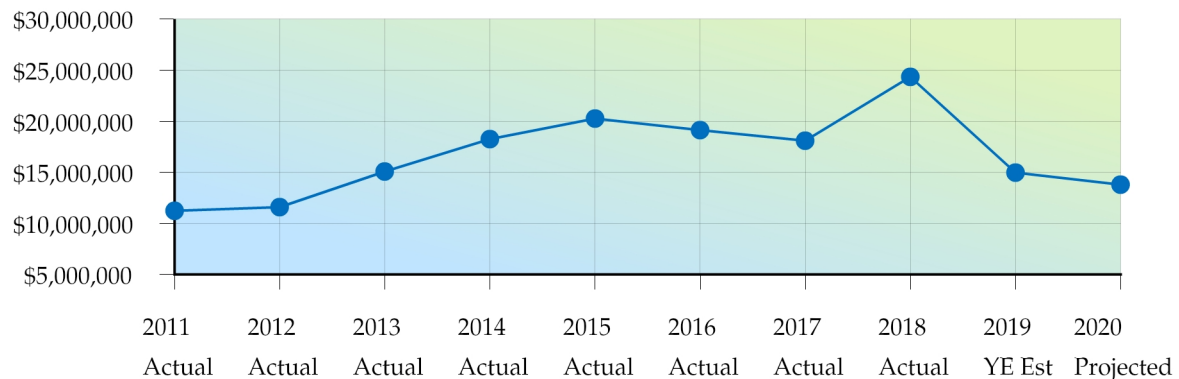


EXPENDITURE DETAIL

Transfers

This category generally includes transfers to from operating to capital funds, support for the debt service funds and subsidizing funds within the City, such as the Cemetery and Workers Compensation as needed.

TRANSFERS



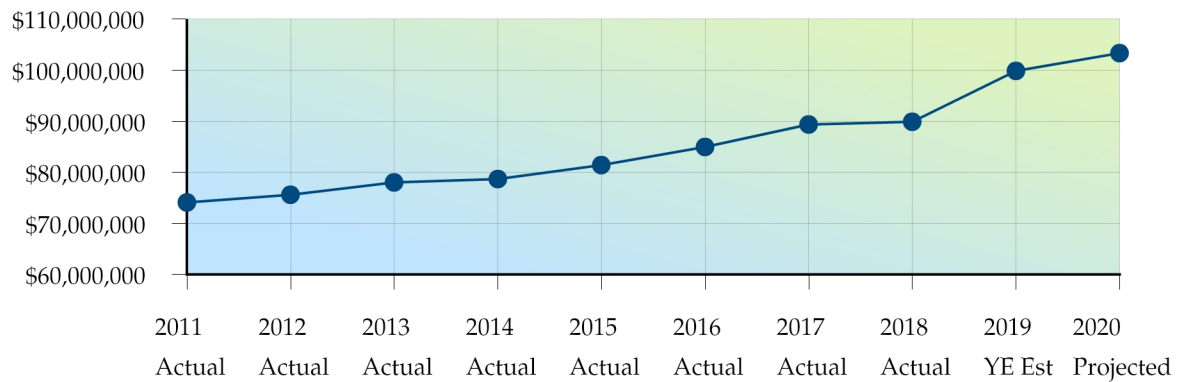
Salaries, Wages and Personnel Benefits

These expenses are the number one expenditure within the operating budget. The following chart, shows the ratios between budgeted employees and population and does not include temporary employees (numbers of employees are stated in full-time equivalents). These numbers have remained relatively stable over the last ten years.

City-Wide Government	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Employees	736.8	729.8	722.3	727.2	748.4	761.2	768.5	765.7	767.0	768.0
Employees Per Capita	8.1	8.0	7.9	7.9	8.0	8.2	8.2	8.2	8.1	8.1
Population	91,067	91,630	91,930	92,620	93,080	93,220	93,400	93,900	94,190	94,440

However, the cost of those same employees has escalated over that same time period, going up 39.5% over that last ten years

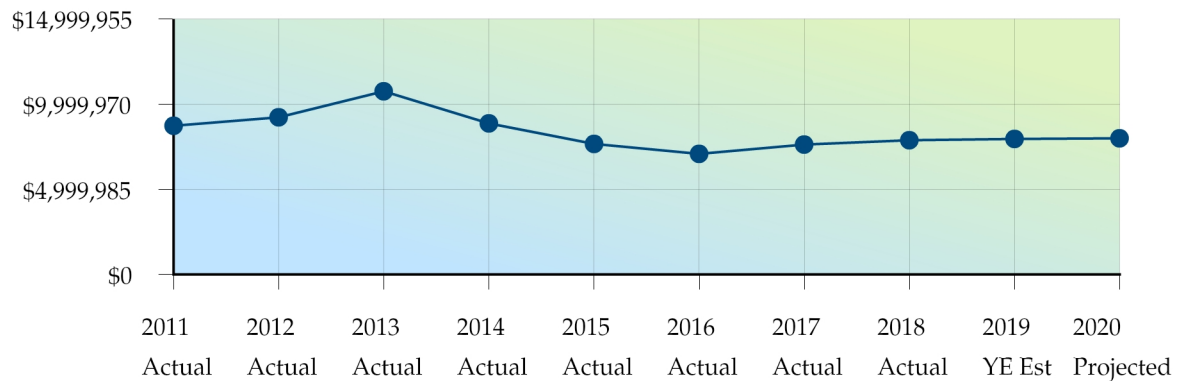
SALARIES, WAGES AND PERSONNEL BENEFITS



Operating Supplies

This category includes any supplies that are not considered over the capitalization limit (\$5,000). From paper to computer servers, and anything in between. It is also one of the hardest hit in recent years when funds are required in other categories, such as criminal justice. As seen in the next chart, the dollars available for operating supplies has actually decreased in the 10 years shown.

OPERATING SUPPLIES

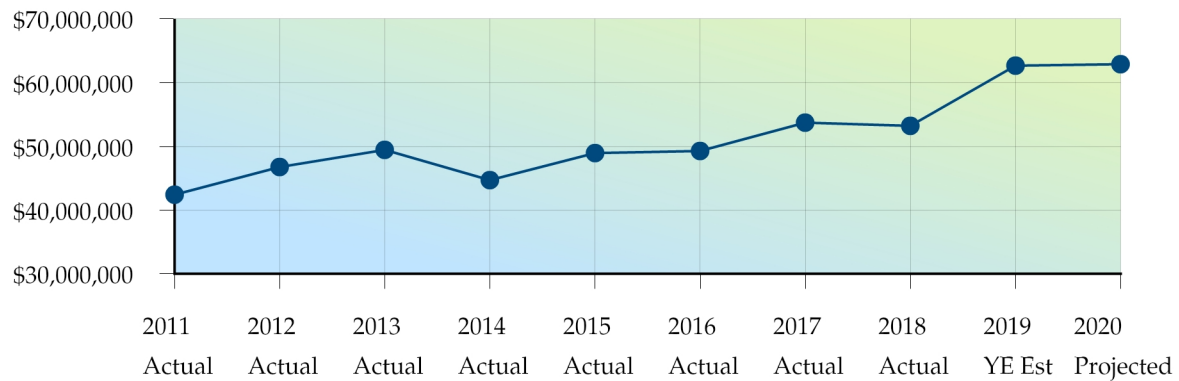


There is currently no replacement funding for office computers and software, other than in this fund, and due to the lack of funding, computers and software are not getting replaced. Both the computers and the software that they run have a limited life, as much of the software becomes too old for support, and even if the software can be replaced, the aging computers do not have the resources to run these new programs.

Professional Services & Other Charges

This category contains services rendered by sources outside the city, including engineering and construction type services, Dial-A-Ride services and intergovernmental services. Also included are items such as insurance, taxes and assessments and city service charges. This budget fluctuates mostly due to ongoing project needs.

PROFESSIONAL SERVICES



Capital Outlays

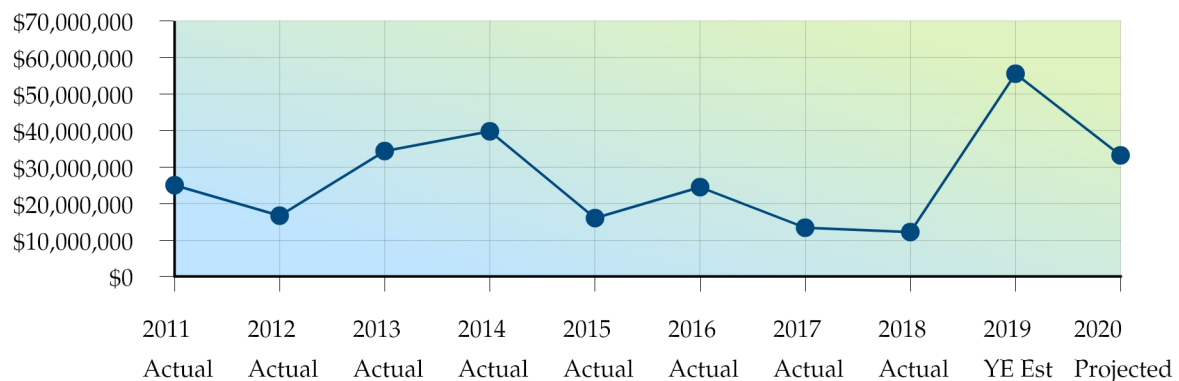
2020 Capital Expenditures is not expected to materially increase due to large projects approved in 2019. As the graph below shows, 2019 major budgeted capital items included:

- \$12.0 million for the Cascade Mill site, of which the first \$6.0 million is expected to be funded by a 2020 bond issue
- \$12.5 million, funded by a 2020 bond issue, for the Convention Center expansion

Projects included in prior-year adopted budgets but not completed, in any given year, are routinely rolled forward at year-end, brought to council for a non-lapsing appropriation.

2020 reflects a reduction partially due to deferred vehicle replacements.

CAPITAL OUTLAYS



Debt Service

The City pledges its full faith and credit for General Obligation (GO) Bonds which consists of general tax and some special revenues. Generally, interest payments on municipal bonds are not taxable to the bond holder (unless taxable bonds are issued due to private-public partnerships). The most common funding sources are property taxes, real estate excise tax (REET) or a special revenue source such as energy savings and rebates for the LED Street Light Project.

The City has several debts payable to other governmental agencies - general tax and other special revenues are pledged as repayment. Intergovernmental debt tends to be less costly and is often obtained for lower interest costs. The Local Option Capital Asset Lending (LOCAL) Program is offered through the State of Washington, and the City is able to participate in the State's bond issues to take advantage of a lower rate. All issuance costs are included in the interest rate. Economic Development (SIED) loans are administered through the County and often accompanied by a grant. Community Economic Revitalization Board (CERB) loans offer lower cost alternatives as well. Public Works Trust Fund loans were obtained to assist with financing the Underpass Construction.

Any increase to debt in 2020 would be due to issuance of:

- \$12M for Convention Center debt, financed from PFD and Lodging Tax
- \$6M for Millsite new street construction financed from State LIFT matching funds
- \$2.4M for LED energy-efficient street lighting, financed from electricity savings

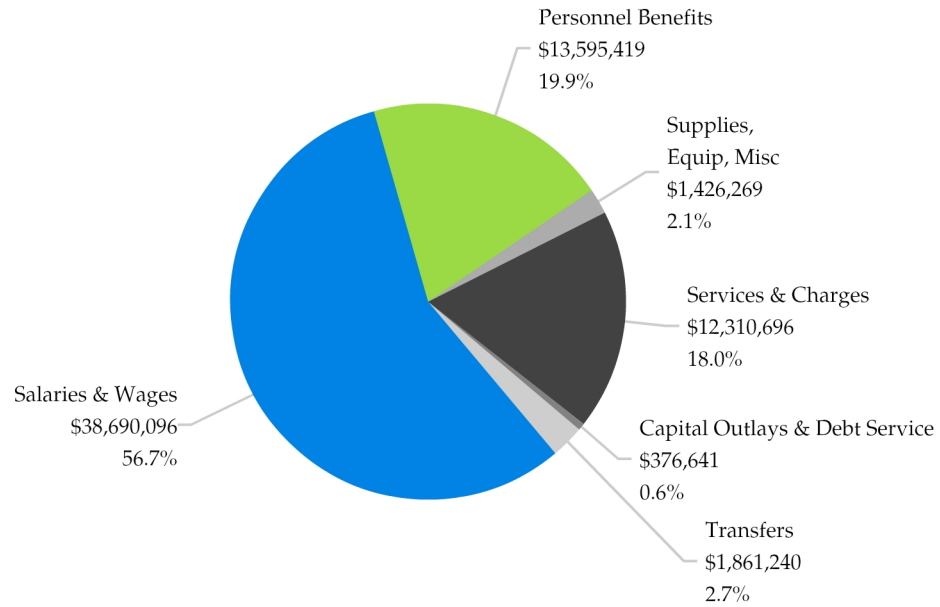
The following chart reflects the total debt the City of Yakima owes for various types of debt, showing all payments for the years 2019 through 2033.

Type	Description	Maturity Date	Principal and Interest Payments				
			2019	2020	2021	2022	2023
GO Bond ⁽¹⁾	Aquatic Center	12/01/42	\$ 420,000	\$ 420,000	\$ 420,000	\$ 420,000	\$ 420,000
GO Bond ⁽¹⁾	Sports Complex-City Fields	06/01/35	400,000	400,000	400,000	400,000	400,000
GO Bond ⁽²⁾	City Comm Ctr Relocation	05/01/34	119,150	117,663	119,863	121,863	118,663
PWTF Loan	2010 RR Grade Separation	06/01/34	84,448	84,448	84,448	84,448	84,448
GO Bond ⁽¹⁾	Capitol Theatre Expansion	12/01/32	571,130	571,570	566,170	565,210	558,410
SIED Loan	River Road	06/01/29	—	62,797	62,800	62,800	62,800
GO Bond ⁽¹⁾	2013 Street Restoration	12/01/28	399,664	399,664	399,664	399,664	399,664
PWTF Loan	2009 RR Grade Separation	07/01/28	173,355	172,530	171,704	170,879	170,053
SIED Loan	SOZO Park Street Impr.	06/01/27	106,197	106,197	106,197	106,197	106,197
LOCAL	LED Street Light Project	06/01/27	111,532	111,433	111,329	111,220	111,106
LOCAL	Fire Aerial & Pump App	06/01/27	153,445	153,309	153,167	153,017	152,859
GO Bond ⁽¹⁾	Convention Center Add	05/01/26	459,795	455,995	456,695	456,700	455,908
SIED Loan	Yakima Valley Brewing	06/01/24	—	14,158	14,158	14,158	14,158
GO Bond ⁽¹⁾	2014 Street Restoration	06/01/24	1,646,650	1,648,750	1,650,750	1,648,375	1,648,750
GO Bond	SunDome Expansion	12/01/23	150,000	147,796	145,746	147,934	150,000
LOCAL	Fire - One Apparatus	06/01/23	39,215	39,216	39,216	39,216	39,216
SIED Loan	21st Ave ext/Airport Lane	06/01/23	58,090	58,090	58,090	58,090	58,090
GO Bond	Downtown Revitalization	05/01/22	132,365	132,665	132,765	132,633	—
GO Bond	Fire Station - West Valley	05/01/22	74,535	71,935	74,235	71,418	—
GO Bond	Fire Ladder Apparatus	12/01/21	73,200	75,600	72,800	—	—
LOCAL	Fire - Two Apparatus	12/01/20	69,959	69,959	—	—	—
GO Bond	Convention Center Exp	11/01/19	349,070	—	—	—	—
GO Bond	Street/Pedestrian Impr	12/01/19	239,200	—	—	—	—
LOCAL	Fire - Air Packs	06/01/19	86,898	—	—	—	—
LOCAL	Police - Vehicles	06/01/19	789,037	—	—	—	—
	Total Non-Enterprise		6,706,935	5,313,775	5,239,797	5,163,822	4,950,322
GO Bond	Irrigation Revenue Bonds	09/01/34	320,154	318,760	322,160	319,510	321,635
GO Bond	2008 Wastewater Rev Bonds	11/01/27	415,063	412,738	414,988	411,600	413,600
GO Bond	2012 Wastewater Rev Bonds	11/01/23	1,162,400	1,169,200	1,164,200	1,162,800	1,164,800
	Total Enterprise Loans		1,897,617	1,900,698	1,901,348	1,893,910	1,900,035
Revenue	WW Long-Term Debt	2021-2037	775,360	772,665	769,971	689,650	687,341
Revenue	Water Long-Term Debt	2023-2034	804,305	799,499	794,688	789,879	785,071
	Total Enterprise LT Debt		1,579,665	1,572,164	1,564,659	1,479,529	1,472,412
	Total City-Wide Debt		<u>\$10,184,217</u>	<u>\$ 8,786,637</u>	<u>\$ 8,705,804</u>	<u>\$ 8,537,261</u>	<u>\$ 8,322,769</u>
Potential New Debt for 2020							
	Convention Center Exp	\$12,500,000					
	LED Project	2,400,000					
	Mill Site	6,000,000					

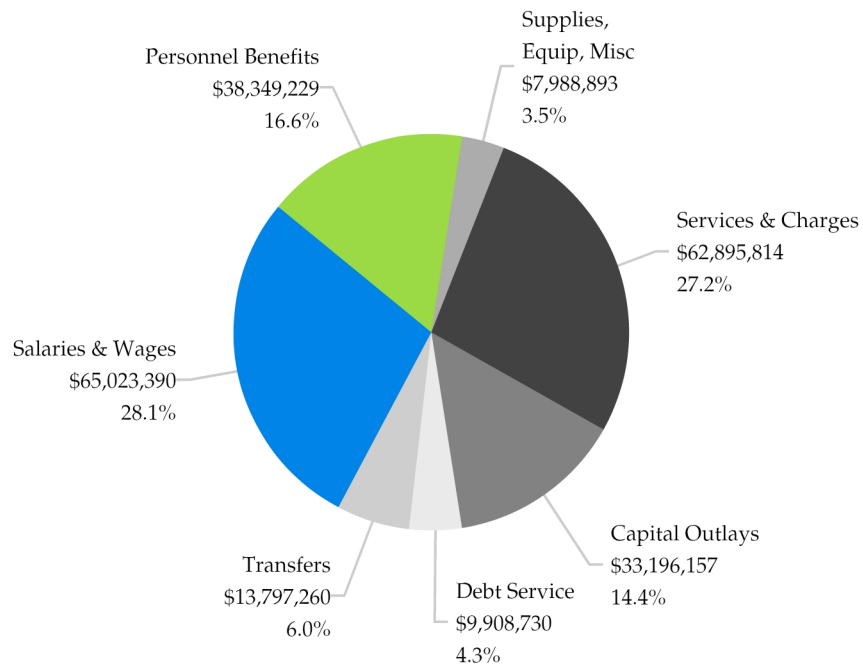
- (1) Charter Amendment
(2) Bonded through County
(3) Taxable bond

Principal and Interest Payments									
2024	2025	2026	2027	2028	2029	2030	2031	2032	2033+
\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000
450,000	450,000	450,000	450,000	450,000	490,000	490,000	490,000	490,000	490,000
120,463	117,063	119,513	121,813	118,963	121,113	118,113	119,863	121,450	117,875
84,448	84,448	84,448	84,448	84,448	84,448	84,448	84,448	84,448	84,448
556,050	552,850	545,410	541,980	532,230	526,490	519,430	511,050	506,350	—
62,800	62,800	62,800	62,800	62,800	62,803	—			
399,664	399,664	399,664	399,664	399,664	—				
169,228	168,402	167,577	166,751	165,926	—				
106,197	106,197	106,197	106,197	—					
110,986	111,919	112,417	112,395	—					
152,694	153,978	154,663	154,633	—					
449,508	457,336	454,234	—						
14,158	—								
1,650,250	—								
—									
—									
—									
—									
—									
4,776,446	3,114,657	3,106,923	2,650,681	2,264,031	1,694,854	1,621,991	1,615,361	1,612,248	1,102,323
318,310	319,760	320,160	320,080	319,520	318,480	321,960	319,720	322,000	318,560
415,000	415,800	411,000	410,800	—					
—									
733,310	735,560	731,160	730,880	319,520	318,480	321,960	319,720	322,000	318,560
685,034	596,100	469,953	468,674	346,005	345,332	344,660	343,987	74,235	56,822
645,537	641,402	590,194	586,294	582,395	457,346	454,052	450,758	447,464	181,012
1,330,571	1,237,502	1,060,147	1,054,968	928,400	802,678	798,712	794,745	521,699	237,834
\$6,840,327	\$5,087,719	\$4,898,230	\$4,436,529	\$3,511,951	\$2,816,012	\$2,742,663	\$2,729,826	\$2,455,947	\$1,658,717

**2020 GENERAL FUND EXPENDITURE BUDGET
GENERALIZED CATEGORIES**



**2020 CITYWIDE EXPENDITURE BUDGET
GENERALIZED CATEGORIES**

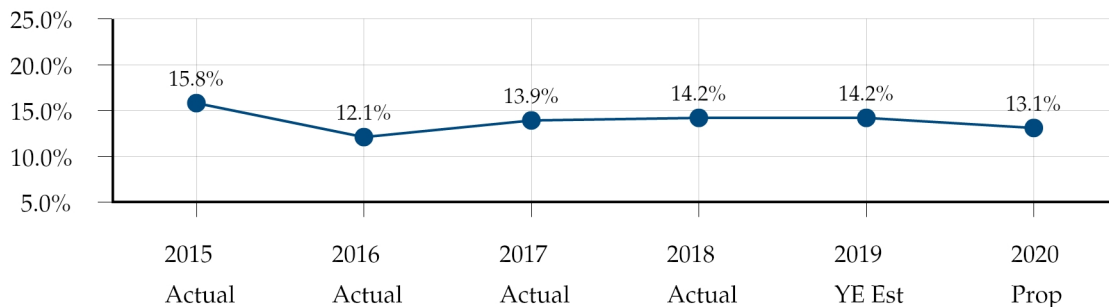


GENERAL FUND FINANCIAL HEALTH / FUND BALANCE

CURRENT AND PROJECTED RESERVES

The statutory cap on Property Tax forces a conversation every year to prioritize expenditures, evaluate the balance between services and infrastructure, and challenges the preservation of general fund reserves.

GENERAL FUND - FUND BALANCE AS A % OF TOTAL EXPENDITURES
(Without Transfers - as shown in the CAFR)



The chart above depicts the historical fund balance trend as reported in the City's audited Comprehensive Annual Financial Report (CAFR) and shows that in the last two years, that following significant declines in 2014 - 2016, the City has stabilized but recovering has proven difficult every year during budget formulation. At the same time, the Assessed Valuation of properties in the city increased at substantially rates than the capped property tax rate, exerting pressure on General Fund services, which saw costs increase roughly in line with CPI. Nevertheless, through difficult budgeting decisions, expenditures that could be deferred or reduced were managed to achieve a balanced budget in each year. The single most influential moment at policy level to affect fund balance is at the time of budget adoption.

The table below depicts the projected ending fund balance for years 2018 through 2023 reflecting the current budget numbers, extrapolating the percentages from the most recent 5-Year Plan, and without reflecting any effect that a potential Levy Lid Lift could have.

GENERAL FUND RESERVE FORECAST VS POLICY LEVEL REQUIREMENTS

	2019						
	2018	Year End	2020	2021	2022	2023	2024
General Fund	Actual	Estimate	Projected	Forecast	Forecast	Forecast	Forecast
General Fund Reserve Forecast	\$ 8,750,725	\$ 9,061,873	\$ 8,394,532	\$ 8,433,027	\$ 7,789,535	\$ 6,573,535	\$ 4,759,023
Policy Level Requires @ 16.7%	10,977,946	11,350,957	11,399,480	11,695,867	12,011,655	12,335,970	12,681,377
Net Increase (Deficit)	<u>(\$2,227,221)</u>	<u>(\$2,289,084)</u>	<u>(\$3,004,948)</u>	<u>(\$3,262,840)</u>	<u>(\$4,222,120)</u>	<u>(\$5,762,435)</u>	<u>(\$7,922,354)</u>

The following chart shows the forecast for the next five years using current known or estimated growth rates, however at every budget adoption decisions would be made in each year to explore revenue and/or expense options.

GENERAL FUND OPERATING INCOME / LOSS ANALYSIS

		2019					
	2018	Year End	2020	2021	2022	2023	2023
General Fund	Actual	Estimate	Projected	Forecast	Forecast	Forecast	Forecast
Operating Revenues	\$ 66,047,349	\$ 67,302,462	\$ 68,298,856	\$ 69,391,638	\$ 70,710,079	\$ 72,053,571	\$ 73,422,589
Operating Expenditures	65,736,201	67,969,802	68,260,361	70,035,130	71,926,079	73,868,083	75,936,389
Net Operating Gain/(Loss)	\$ 311,148	\$ (667,340)	\$ 38,495	\$ (643,492)	\$ (1,216,000)	\$ (1,814,512)	\$ (2,513,800)

Key Reminders

- Projected revenues do NOT take into account a possible 2021 Levy Lid Lift currently being discussed.
- The City is committed to achieving a balanced budget in every fund.
- Service delivery across all city programs are re-evaluated annually to prioritize the most urgent and important within available funding.
- The City Council affirmed in January 2019 that improving the General Fund's fund balance to 16.7% of General Fund expenses over the next three years is their top strategic priority.

CITY-WIDE FINANCIAL HEALTH / FUND BALANCES

The following table recaps city-wide fund balances by fund groupings showing the effect of proposed revenues and expenditures.

2020 RESERVE BALANCE SUMMARY

	Estimated 2020 Beg. Fund Balance	2020 Projected Revenues	2020 Proposed Expenditures	Increase in (Decrease in) Reserves	Estimated 2020 Ending Balance
General Fund	\$ 8,394,532	\$ 68,298,856	\$ 68,260,361	\$ 38,495	\$ 8,433,027
Parks and Recreation	360,670	5,513,415	5,507,995	5,420	366,090
Street & Traffic Operations	(17,815)	8,684,071	8,661,924	22,147	4,332
General Government Subtotal	8,737,387	82,496,342	82,430,280	66,062	8,803,449
Other Governmental Operating Funds	5,790,726	13,811,005	13,729,199	81,806	5,872,532
Government Capital Funds	14,208,534	13,627,284	11,780,293	1,846,991	16,055,525
Enterprise Operating Funds	10,931,768	61,088,477	62,404,252	(1,315,775)	9,615,993
Enterprise Capital Funds	33,925,280	12,938,200	25,250,221	(12,312,021)	21,613,259
Internal Service Funds	1,116,940	6,122,344	6,359,543	(237,199)	879,741
Employee Benefit Reserve	4,008,252	16,214,760	16,360,096	(145,336)	3,862,916
Risk Management Reserves	1,906,861	5,035,770	5,042,889	(7,119)	1,899,742
Debt Service & Agency Funds	4,456,689	7,815,154	7,802,697	12,457	4,469,146
Total	<u>\$ 85,082,437</u>	<u>\$ 219,149,336</u>	<u>\$ 231,159,470</u>	<u>\$ (12,010,134)</u>	<u>\$ 73,072,303</u>



GENERAL FUND CHALLENGES / RECOMMENDATIONS

The Preliminary 2020 Budget, as in most years at this phase of the process, has a General Fund (001) that is not yet balanced. Staff has met with multiple departments over multiple iterations to explore possible options to stay within forecasted funding levels.

City Council has signaled a commitment to strong financial governance. A long-term approach is imperative to restoration of General Fund fund balance is critical in the demonstration of improved financial position and staff has left no revenue nor expenditure possibility out of consideration for potential manageable opportunities.

Challenges identified during 2019 that must be accommodated in 2020

- Sales Tax flattening, rather than hoped-for economic increase
- Reduced Utility Tax (Electricity) Revenue reduction (\$700,000) due to 2018 tax reform which more than offset an expected revenue increase from cap removal.
- Greater-than-budgeted salaries and wages due to Fire Department CBA
- Greater-than-budgeted workers compensation rates allocated across all payroll-participating department budgets to maintain that fund's fund balance
- General Fund vehicles have historically been increasingly deferred as departmental decision-making has allowed deferring contribution to Vehicle Replacement Fund. This is not sustainable.
- A preliminary 2020 liability insurance rate increase (potentially \$650,000 city-wide) communicated in annual renewal discussions

Immediate Recommendations

- Staff anticipates that Council will not accept the proposed deficit and will consider options and measures staff has identified for policy-level prioritizing discussion.
- Council has signaled an intent to pursue a Levy Lid Lift for 2021's budget, therefore staff has undertaken to identify costs which can be deferred for one year but no longer.
- Council may ratify proposed deferrals or may direct staff to de-prioritize other policy-level areas.

Long-term Recommendations

Past bond-rating analysis has cited the local economy as an impediment to the City's fiscal health. Longer-term solutions include many efforts through normal service delivery that allows the City's private sector to thrive, which leads to the improved Sales Tax Revenue that a healthy, thriving economy and an expanding population produces naturally. Further, the City's normal service delivery that furthers the City's property owners to thrive and enjoy improved property values will similarly produce an improved Property Tax Revenue over time.

- Debt incurred for Convention Center expansion is an investment in future Lodging Tax revenue which has a multiplier effect on the local economy.
- Debt incurred for Millsite road construction is an investment in future Property and Sales Tax revenue.
- Council has already had several discussions exploring a Levy Lid Lift that could help in the 2021 budget, and staff will be updating council with Assessed Valuation during October 2019, prior to adoption of the 2020 budget. Staff recommends that restoration of deferred existing needs in addition to restoration of General Fund fund balance would both justify and match restoring a levy rate.



PRELIMINARY BUDGET
BY FUNCTIONAL GROUPING

All figures in the following pages, as in most of the preceding pages' tables and graphs, are directly imported from the City's automated accounting system.

Department directors and managers take part in continuous review of 2019 (current-year) budget-to-actual expense management, 2019 year-end estimates and 2020 proposed budget figures.

The City relies on budgetary controls, with multiple levels of review, in large part as part of the overall systems of checks and balances to manage service delivery and monitor that the underlying funding is being received as budgeted.

2020 CURRENT BUDGET BY CITY FUNCTIONAL GROUPING

The following provides department-level comparison of General Fund expenditures year over year:

Expenditures	2018 Actual Expenditures	2019 Amended Budget	2019 Year-End Estimate	2020 Proposed Expenditures	2020 vs 2019 Est
General Government					
City Management	\$ 424,018	\$ 554,681	\$ 554,681	\$ 496,929	(10.4)%
Indigent Defense	1,015,983	1,050,000	1,050,000	1,050,000	— %
City Council	252,979	275,686	273,686	275,790	0.8 %
Clean City Program	—	—	—	—	n/a
City Clerk/Records	622,093	717,207	717,207	728,815	1.6 %
Human Resources	685,227	768,113	765,038	770,990	0.8 %
Legal	1,656,089	1,938,043	1,938,055	1,980,769	2.2 %
Municipal Court	1,601,371	1,711,215	1,707,072	1,784,590	4.5 %
Planning	610,984	707,117	707,116	728,443	3.0 %
Code Administration	1,934,180	1,974,496	1,974,496	1,986,584	0.6 %
City Hall Facility	495,872	602,352	602,353	564,586	(6.3)%
Economic Development	399,622	313,243	313,243	240,110	(23.3)%
Police	29,260,677	30,325,940	30,418,829	30,297,052	(0.4)%
Fire	14,403,116	14,413,022	14,927,981	15,548,762	4.2 %
Information Technology	3,343,615	3,711,761	3,719,702	3,847,129	3.4 %
Intergovernmental	150,680	162,689	162,689	162,689	— %
Transfers	2,085,575	2,143,060	2,456,549	2,169,760	(11.7)%
Financial Services	1,553,518	1,787,366	1,787,366	1,776,294	(0.6)%
State Examiner	116,180	130,000	130,000	130,000	— %
Police Pension	798,375	929,497	929,497	867,197	(6.7)%
Firemen's Relief & Pension	1,123,935	1,216,963	1,216,963	1,176,376	(3.3)%
Utility Services	1,738,277	—	—	—	n/a
Parking	176,663	186,854	186,354	193,072	3.6 %
Purchasing	600,219	647,613	647,613	686,985	6.1 %
Engineering	686,953	778,311	783,311	797,440	1.8 %
Total General Fund	65,736,201	67,045,229	67,969,801	68,260,362	0.4 %
Parks & Recreation	4,931,743	5,169,394	5,187,195	5,507,995	6.2 %
Street & Traffic Operations	6,665,852	7,662,384	5,895,797	8,661,924	46.9 %
Total General Government Funds	\$ 77,333,796	\$ 79,877,007	\$ 79,052,793	\$ 82,430,281	4.3 %

2020 CURRENT BUDGET BY CITY FUNCTIONAL GROUPING

	2020 Projected Revenue	2020 Estimated		Increase (Decrease) In Fund Balance
		Beginning Fund Balance	Ending Fund Balance	
Revenues				
General Fund	\$ 68,298,856	\$ 8,394,532	\$ 8,433,028	\$ 38,496
Parks & Recreation	5,513,415	360,670	366,090	5,420
Street & Traffic Operations	8,684,071	(17,815)	4,332	22,147
Total General Government Funds	\$ 82,496,342	\$ 8,737,387	\$ 8,803,450	\$ 66,063

2020 CURRENT BUDGET BY CITY FUNCTIONAL GROUPING

	2018	2019	2019	2020	2020
	Actual	Amended	Year-End	Proposed	vs 2019
Expenditures	Expenditures	Budget	Estimate	Expenditures	Est
Other Governmental Operating Funds					
Economic Development	\$ 106,292	\$ 133,400	\$ 131,905	\$ 124,439	(5.7)%
Community Development	1,060,643	4,760,562	4,668,874	1,512,275	(67.6)%
Community Relations	614,888	670,519	656,490	747,511	13.9 %
Cemetery	267,588	293,002	301,135	325,073	7.9 %
Emergency Services	1,444,094	1,357,829	1,357,275	1,440,679	6.1 %
Public Safety Communications	3,699,231	4,528,567	4,378,567	4,517,210	3.2 %
Police Grants	354,938	417,918	417,418	427,188	2.3 %
Downtown Improvement District	188,106	193,924	193,924	194,267	0.2 %
Trolley (Yakima Interurban Lines)	13,871	31,699	31,697	9,400	(70.3)%
Front St Business Impr Area	2,200	3,500	3,500	3,500	— %
Tourist Promotion (Conv Ctr)	1,666,608	1,768,274	1,702,874	1,697,511	(0.3)%
Capitol Theatre	441,612	471,911	471,911	481,192	2.0 %
PFD Revenue-Convention Center	731,796	958,395	958,395	871,000	(9.1)%
Tourist Promotion Area	621,963	690,000	690,000	660,000	(4.3)%
PFD Revenue-Capitol Theatre	680,888	712,955	712,955	717,955	0.7 %
Total Other Governmental Operating Funds	<u>\$ 11,894,718</u>	<u>\$ 16,992,455</u>	<u>\$ 16,676,920</u>	<u>\$ 13,729,200</u>	(17.7)%
Government Capital Funds					
Arterial Street	\$ 953,470	\$ 12,077,639	\$ 5,793,374	\$ 6,109,978	5.5 %
C.B.D. Capital Improvement	1,820,001	21,100	10,100	10,000	(1.0)%
Capitol Theatre Construction	13,705	60,000	60,000	60,000	— %
Yakima Rev Development Area	463,736	11,500,142	11,500,142	1,372,140	(88.1)%
Parks & Recreation Capital	9,255,532	3,773,713	3,816,986	151,078	(96.0)%
Fire Capital	62,198	80,000	80,000	80,000	— %
Law & Justice Capital	629,237	570,000	570,000	370,000	(35.1)%
Public Works Trust Construction	468,843	1,568,583	1,568,583	754,179	(51.9)%
REET 2 Capital Construction	777,646	779,315	779,315	855,195	9.7 %
Street Capital Fund	3,548,193	1,526,545	1,526,545	1,582,724	3.7 %
Convention Center Capital Impr	305,750	13,513,600	13,513,600	435,000	(96.8)%
Cum. Reserve for Capital Impr	80,068	33,620	33,620	—	(100.0)%
Total Government Capital Funds	<u>\$ 18,378,379</u>	<u>\$ 45,504,257</u>	<u>\$ 39,252,265</u>	<u>\$ 11,780,294</u>	(70.0)%

2020 CURRENT BUDGET BY CITY FUNCTIONAL GROUPING

	2020 Projected Revenue	2020 Estimated		Increase (Decrease) In Fund Balance
		Beginning Fund Balance	Ending Fund Balance	
Revenues				
Other Governmental Operating Funds				
Economic Development	\$ 114,000	\$ 52,400	\$ 41,961	\$ (10,439)
Community Development	1,672,309	1,153,816	1,313,850	160,034
Community Relations	724,785	738,536	715,810	(22,726)
Cemetery	325,700	116,012	116,639	627
Emergency Services	1,453,750	63,899	76,970	13,071
Public Safety Communications	4,365,636	550,044	398,469	(151,575)
Police Grants	430,000	1,257,271	1,260,082	2,811
Downtown Improvement District	201,475	70,698	77,906	7,208
Trolley (Yakima Interurban Lines)	11,275	19,863	21,738	1,875
Front St Business Impr Area	3,700	1,325	1,525	200
Tourist Promotion (Conv Ctr)	1,687,910	385,213	375,612	(9,601)
Capitol Theatre	475,365	44,508	38,681	(5,827)
PFD Revenue-Convention Center	957,000	1,019,380	1,105,380	86,000
Tourist Promotion Area	660,350	70,252	70,602	350
PFD Revenue-Capitol Theatre	727,750	247,511	257,306	9,795
Total Other Governmental Operating Funds	<u>\$ 13,811,005</u>	<u>\$ 5,790,728</u>	<u>\$ 5,872,531</u>	<u>\$ 81,803</u>
Government Capital Funds				
Arterial Street	\$ 5,910,944	\$ 1,042,764	\$ 843,730	\$ (199,034)
C.B.D. Capital Improvement	21,450	1,750	13,200	11,450
Capitol Theatre Construction	62,500	149,087	151,587	2,500
Yakima Rev Development Area	1,023,600	4,580,247	4,231,707	(348,540)
Parks & Recreation Capital	151,078	296,003	296,003	—
Fire Capital	153,000	497,056	570,056	73,000
Law & Justice Capital	649,809	516,934	796,743	279,809
Public Works Trust Construction	1,710,848	2,935,383	3,892,052	956,669
REET 2 Capital Construction	1,598,400	1,720,481	2,463,686	743,205
Street Capital Fund	1,893,625	1,073,605	1,384,506	310,901
Convention Center Capital Impr	452,030	802,492	819,522	17,030
Cum. Reserve for Capital Impr	—	592,733	592,733	—
Total Government Capital Funds	<u>\$ 13,627,284</u>	<u>\$ 14,208,535</u>	<u>\$ 16,055,525</u>	<u>\$ 1,846,990</u>

2020 CURRENT BUDGET BY CITY FUNCTIONAL GROUPING

	2018	2019	2019	2020	2020
	Actual	Amended	Year-End	Proposed	vs 2019
Expenditures	Expenditures	Budget	Estimate	Expenditures	Est
Enterprise Operating Funds					
Airport Operating Fund	\$ 1,260,957	\$ 1,390,426	\$ 1,382,167	\$ 1,456,963	5.4 %
Stormwater Operating	3,379,812	4,107,469	4,072,080	4,098,408	0.6 %
Transit	8,156,069	9,523,904	9,523,904	9,736,984	2.2 %
Refuse	7,023,074	7,740,255	7,744,079	7,863,843	1.5 %
Wastewater Operating	22,117,549	25,312,547	24,914,243	24,394,858	(2.1)%
Water Operating	10,321,948	10,362,553	10,350,008	10,963,914	5.9 %
Irrigation Operating	1,804,753	1,912,529	1,894,483	1,927,039	1.7 %
Utility Services	—	1,871,700	1,860,550	1,962,242	n/a
Total Enterprise Operating Funds	\$ 54,064,162	\$ 62,221,383	\$ 61,741,514	\$ 62,404,251	1.1 %
Enterprise Capital Funds					
Airport FAA	\$ 1,223,115	\$ 4,829,589	\$ 4,829,589	\$ 3,490,000	(27.7)%
Stormwater Capital	406,691	4,285,000	2,800,000	3,650,000	30.4 %
Transit Capital Reserve	200,524	1,372,381	1,245,919	936,461	(24.8)%
Wastewater Facilities Capital Rsv	658,788	1,250,000	1,250,000	2,750,000	120.0 %
Wastewater Construction	3,212,501	5,060,000	2,960,000	5,210,000	76.0 %
Water Capital	433,286	2,135,000	2,001,000	3,945,000	97.2 %
Wastewater Capital	162,617	3,025,000	2,105,000	3,600,000	71.0 %
Irrigation Capital	321,219	5,370,154	1,045,154	1,668,760	n/a
Total Enterprise Capital Funds	\$ 6,618,741	\$ 27,327,124	\$ 18,236,662	\$ 25,250,221	38.5 %
Internal Service Funds					
Equipment Rental	\$ 3,533,329	\$ 7,751,157	\$ 7,199,111	\$ 4,644,062	(35.5)%
Environmental Fund	213,798	222,950	222,950	122,950	(44.9)%
Public Works Administration	1,053,241	1,264,743	1,414,305	1,592,532	12.6 %
Total Internal Service Funds	\$ 4,800,368	\$ 9,238,850	\$ 8,836,366	\$ 6,359,544	(28.0)%
Employee Benefit Reserves					
Unemployment Compensation	\$ 170,014	\$ 188,629	\$ 188,179	\$ 191,141	1.6 %
Employees Health Benefit	10,824,144	13,649,443	13,648,343	13,864,629	1.6 %
Workers' Compensation	2,094,689	2,223,444	1,752,895	2,237,427	27.6 %
Wellness/EAP Fund	69,825	66,900	66,900	66,900	— %
Total Employee Benefit Reserves	\$ 13,158,672	\$ 16,128,416	\$ 15,656,317	\$ 16,360,097	4.5 %
Risk Management Reserve					
Risk Management	\$ 3,679,290	\$ 4,301,306	\$ 4,301,306	\$ 5,042,889	17.2 %
Total Risk Management Reserve	\$ 3,679,290	\$ 4,301,306	\$ 4,301,306	\$ 5,042,889	17.2 %

2020 CURRENT BUDGET BY CITY FUNCTIONAL GROUPING

	2020 Projected Revenue	2020 Estimated		Increase (Decrease) In Fund Balance
		Beginning Fund Balance	Ending Fund Balance	
Revenues				
Enterprise Operating Funds				
Airport Operating Fund	\$ 1,488,295	\$ 279,803	\$ 311,134	\$ 31,331
Stormwater Operating	3,953,737	899,251	754,580	(144,671)
Transit	9,678,976	4,022,777	3,964,769	(58,008)
Refuse	7,683,732	1,319,860	1,139,749	(180,111)
Wastewater Operating	23,398,472	2,060,616	1,064,230	(996,386)
Water Operating	11,013,300	1,745,064	1,794,451	49,387
Irrigation Operating	1,908,700	593,250	574,911	(18,339)
Utility Services	1,963,265	11,147	12,169	1,022
Total Enterprise Operating Funds	<u>\$ 61,088,477</u>	<u>\$ 10,931,768</u>	<u>\$ 9,615,993</u>	<u>\$ (1,315,775)</u>
Enterprise Capital Funds				
Airport FAA	\$ 3,820,500	\$ 1,100,824	\$ 1,431,324	\$ 330,500
Stormwater Capital	1,200,000	4,005,362	1,555,362	(2,450,000)
Transit Capital Reserve	534,000	5,391,289	4,988,828	(402,461)
Wastewater Facilities Capital Rsv	1,000,000	2,883,277	1,133,277	(1,750,000)
Wastewater Construction	300,000	8,832,317	3,922,317	(4,910,000)
Water Capital	2,527,100	4,405,084	2,987,184	(1,417,900)
Wastewater Capital	1,900,000	2,721,104	1,021,104	(1,700,000)
Irrigation Capital	1,656,600	4,586,022	4,573,862	(12,160)
Total Enterprise Capital Funds	<u>\$ 12,938,200</u>	<u>\$ 33,925,279</u>	<u>\$ 21,613,258</u>	<u>\$ (12,312,021)</u>
Internal Service Funds				
Equipment Rental	\$ 4,837,143	\$ 215,480	\$ 408,561	\$ 193,081
Environmental Fund	45,000	449,968	372,018	(77,950)
Public Works Administration	1,240,201	451,492	99,161	(352,331)
Total Internal Service Funds	<u>\$ 6,122,344</u>	<u>\$ 1,116,940</u>	<u>\$ 879,740</u>	<u>\$ (237,200)</u>
Employee Benefit Reserves				
Unemployment Compensation	\$ 228,626	\$ 226,904	\$ 264,390	\$ 37,486
Employees Health Benefit	14,015,332	3,225,142	3,375,846	150,704
Workers' Compensation	1,870,802	487,989	121,364	(366,625)
Wellness/EAP Fund	100,000	68,216	101,316	33,100
Total Employee Benefit Reserves	<u>\$ 16,214,760</u>	<u>\$ 4,008,251</u>	<u>\$ 3,862,916</u>	<u>\$ (145,335)</u>
Risk Management Reserve				
Risk Management	\$ 5,035,770	\$ 1,906,861	\$ 1,899,741	\$ (7,120)
Total Risk Management Reserve	<u>\$ 5,035,770</u>	<u>\$ 1,906,861</u>	<u>\$ 1,899,741</u>	<u>\$ (7,120)</u>

2020 CURRENT BUDGET BY CITY FUNCTIONAL GROUPING

	2018 Actual Expenditures	2019 Amended Budget	2019 Year-End Estimate	2020 Proposed Expenditures	2020 vs 2019 Est
Expenditures					
Debt Service					
Public Facility District					
PFD Debt Service	\$ 1,029,850	\$ 1,030,925	\$ 1,030,925	\$ 1,077,570	4.5 %
General Obligation					
Misc LTGO Bonds	10,930,676	3,535,614	3,535,614	3,668,400	3.8 %
1996 LTGO Bonds	425,265	349,070	349,070	485,973	39.2 %
Utility Bonds					
2008 Water Bond	\$ 229,167	\$ —	\$ —	\$ —	n/a
2008 Wastewater Bond	390,677	415,063	415,063	412,738	(0.6)%
2004 Irrigation Bond	264,228	320,154	320,154	318,760	(0.4)%
2003 Wastewater Bond	1,126,083	1,162,400	1,162,400	1,169,200	0.6 %
Total Debt Service	<u>\$ 14,395,946</u>	<u>\$ 6,813,226</u>	<u>\$ 6,813,226</u>	<u>\$ 7,132,641</u>	4.7 %
Trust and Agency Funds					
YakCorps Agency Fund	—	691,000	691,000	658,057	(4.8)%
Cemetery Trust	12,000	12,000	12,000	12,000	— %
Total Trust and Agency Funds	<u>\$ 12,000</u>	<u>\$ 703,000</u>	<u>\$ 703,000</u>	<u>\$ 670,057</u>	(4.7)%
Total City Budget	<u><u>\$ 204,336,070</u></u>	<u><u>\$ 269,420,512</u></u>	<u><u>\$ 251,270,369</u></u>	<u><u>\$ 231,159,472</u></u>	(8.0)%

2020 CURRENT BUDGET BY CITY FUNCTIONAL GROUPING

	2020 Projected Revenue	2020 Estimated		Increase (Decrease) In Fund Balance
		Beginning Fund Balance	Ending Fund Balance	
Revenues				
Debt Service				
Public Facility District				
PFD Debt Service	\$ 1,078,000	\$ 161,310	\$ 161,740	\$ 430
General Obligation				
Misc LTGO Bonds	3,668,400	—	—	—
1996 LTGO Bonds	486,000	77,972	77,999	27
Utility Bonds				
2008 Water Bond	—	590,003	590,003	—
2008 Wastewater Bond	412,738	260,822	260,822	—
2004 Irrigation Bond	318,760	120,276	120,276	—
2003 Wastewater Bond	1,169,200	2,549,911	2,549,911	—
Total Debt Service	<u>\$ 7,133,098</u>	<u>\$ 3,760,294</u>	<u>\$ 3,760,751</u>	<u>\$ 457</u>
Trust and Agency Funds				
YakCorps Agency Fund	\$ 658,057	\$ —	\$ —	\$ —
Cemetery Trust	24,000	696,396	708,396	12,000
Total Trust and Agency Funds	<u>\$ 682,057</u>	<u>\$ 696,396</u>	<u>\$ 708,396</u>	<u>\$ 12,000</u>
Total City Budget	<u><u>\$ 219,149,337</u></u>	<u><u>\$ 85,082,438</u></u>	<u><u>\$ 73,072,303</u></u>	<u><u>\$ (12,010,135)</u></u>

